

AUDIT REPORT



THE ADMINISTRATION OF CONTRACTS AND AGREEMENTS FOR LINGUISTIC SERVICES BY THE DRUG ENFORCEMENT ADMINISTRATION

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THE ADMINISTRATION OF CONTRACTS AND AGREEMENTS FOR LINGUISTIC SERVICES BY THE DRUG ENFORCEMENT ADMINISTRATION

EXECUTIVE SUMMARY

The Office of the Inspector General, Audit Division, has completed an audit of the Administration of Contracts and Agreements for Linguistic Services by the Drug Enforcement Administration (DEA). At the time of our audit fieldwork, the DEA had awarded six contracts, with a total prospective value if fully utilized of about \$132 million to obtain linguistic services to perform monitoring, transcription, and translation services. The contracts were awarded for services at the DEA's field divisions in Chicago, Dallas, Houston, Miami, New York, and San Diego. The DEA had also entered into a Memorandum of Understanding (MOU) with the [DELETED] to obtain linguistic services to perform translation and transcription services. The total amount of the reimbursable agreements executed under the MOU since Fiscal Year (FY) 1997 was approximately \$5.3 million of which \$4.1 million had been paid to the [DELETED].

We performed individual contract audits for the DEA's linguistic services contracts in Dallas, Houston, Miami, and San Diego¹ to determine if the: (1) DEA adequately monitored the cost of the contracts and the performance of the contractors, (2) recipients of the contracted services were satisfied with the quality of those services, and (3) DEA complied with the Government Performance Results Act (GPRA) requirements as they relate to the linguistic services contracts and agreements. The four contracts that we audited had a total prospective value if fully utilized of \$44.5 million of the \$132 million awarded by the DEA for its six linguistics contracts. Of the \$44.5 million awarded for the four contracts we reviewed, the contractors had been reimbursed \$9,482,139. These audits showed that while the Assistant United States Attorneys and DEA case agents indicated that the quality of the linguistic services were adequate, weaknesses existed in the DEA's monitoring of payments to the contractors and in the contractors' claims for reimbursement. As a result, we questioned \$2,816,581 of the \$9,482,139

¹ We did not audit the Chicago contract because at the time of our audit fieldwork the contract was ending and a new contract was about to be awarded. We did not audit the New York contract because it had recently begun and the contractor had submitted few invoices as of July 30, 2001.

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paid to the contractors in our individual contract audits². We found that several weaknesses had occurred on more than one contract, indicating a need for additional guidance from the DEA to ensure the field divisions properly administer the contracts. Specifically, the:

- contractors at the four locations were paid \$425,580 for linguistic services not authorized by the contract delivery orders or that exceeded the contract delivery order amounts.
- contractors at the four locations were paid \$529,833 for linguistic services performed outside the allowable performance period of the delivery orders.
- contractors at the four locations were paid \$990,152 for work begun before delivery orders were approved by the Contracting Officer.
- contractors at three of the four locations (Dallas, Houston, and San Diego) were paid \$353,636 for hours worked by the contractors' personnel, but the contractors did not provide the DEA with the requested timesheets to support the hours billed.
- contractors at two of the four locations (Dallas and San Diego) were paid \$5,949 for hours not supported by the timesheets that were provided to the DEA by the contractors.
- contractors at two of the four locations (Dallas and Houston) were paid \$297,866 for new core contractor personnel without requesting and obtaining written approval from the DEA to change the core personnel, as required by the contracts.
- contractors at three of the four locations (Dallas, Houston, and Miami) were paid \$21,576 for more hours than the DEA's sign-in/sign-out logs showed were worked.
- contractors at three of the four locations (Dallas, Houston, and Miami) did not properly complete the sign-in/sign-out logs.

² The Inspector General Act of 1988 contains our reporting requirements for questioned costs. However, not all findings are dollar-related. See Appendix II for a breakdown of our dollar-related findings and for a definition of questioned costs. The \$2,816,581 in questioned costs identified in the individual audits is not included again in the schedule of dollar-related findings at Appendix II of this report. This amount contains some duplicate costs because some costs were questioned under multiple categories. However, the amounts questioned on the contracts were based on a sample of invoices reviewed for each category and are not projected to the total universe of invoices paid.

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- contractors at three of the four locations (Dallas, Houston, and Miami) were paid \$62,271 for more than one team leader per work shift even though the contracts were set up to generally have only one team leader per shift.
- contractors at two of the four locations (Dallas and Miami) were paid \$30,957 in overtime costs that were either not authorized or not properly approved.
- contractors at three of the four locations (Dallas, Houston, and San Diego) were paid \$73,238 in unauthorized or unsupported travel related expenses.
- contractors at two of the four locations (Dallas and Miami) submitted invoices more frequently than required by the contract, thereby increasing the DEA's administrative costs to process the payments.
- DEA at two of the four locations (Dallas and Miami) used Blanket Purchase Agreements (BPAs) to obtain linguistic services that would have been much less costly through the contracts. We determined that by using the BPAs, the DEA spent at least \$58,542 more than if it had used the contracts to obtain the linguistic services³.
- Contracting Officer's Technical Representatives (COTRs) at all four locations did not provide adequate oversight of the contracts.

In the individual contract audit for each location, we recommended that the DEA remedy the questioned costs⁴ that we identified in each of the preceding areas. In this report, we recommend that the DEA Administrator: (1) issue guidance to the field division COTRs instructing them to ensure that the contract requirements are properly completed, and (2) require the Contracting Officer to perform random checks to ensure that the invoices certified by the COTRs are accurate.

We also reviewed the MOU and reimbursable agreements with the [DELETED] and determined that while the users of the [DELETED] services were generally satisfied with the quality of the services, significant weaknesses existed in the [DELETED] claims for reimbursement and in the DEA's

³ Of the \$58,542, \$33,019 was for the contract in Dallas. In this case, the DEA was the cause for the BPA being used instead of the contract. Therefore, the \$33,019 was not reported as a questioned cost in the Dallas report. The remaining \$25,523 was reported as a questioned cost in the contract audit report for Miami.

⁴ Questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.

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monitoring of payments to the [DELETED]. As a result, we questioned \$518,912⁵ of the funds paid to the [DELETED] for performance from July 1, 1997, through July 30, 2001. This amount represents about 13 percent of the \$4.1 million reimbursed to the [DELETED]. Specifically, we found that the:

- DEA eliminated the hourly cost control from the FY 2000 and FY 2001 agreements.
- DEA did not modify the FY 2000 agreement before paying the [DELETED] \$111,842 in costs above the amount allowed in the FY 2000 agreement.
- [DELETED] was paid \$269,476 for: (1) technical and administrative personnel not allowed in the FY 1997, FY 1998, and FY 1999 agreements; and (2) personnel costs paid by another Federal agency.
- [DELETED] was paid \$63,083 for hours worked by part-time linguists that exceeded the hours or months allowed by the agreements.
- [DELETED] was paid \$45,163 for unauthorized travel related expenses.
- [DELETED] was paid \$7,405 for personnel costs not supported by payroll records.
- [DELETED] was paid \$7,295 for personnel costs at part-time average hourly rates that exceeded the rates allowed by the FY 1998 and FY 1999 agreements.
- [DELETED] was paid \$5,838 for awards not allowed by the FY 1999 agreement.
- [DELETED] was paid \$5,804 in administrative costs that exceeded the amounts allowed by the FY 1998 and FY 2000 agreements.
- [DELETED] was paid \$3,006 in overtime costs not authorized by the agreements.
- DEA did not effectively monitor the costs billed by the [DELETED].

We recommend that the DEA Administrator: (1) reestablish hourly rates for linguists in future reimbursable agreements, (2) remedy the questioned

⁵ The questioned costs that we identified for the reimbursable agreements were based on a sample of invoices reviewed for each category and are not projected to the total universe of invoices paid.

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costs we identified in each of the preceding areas, and (3) establish written procedures for reviewing invoices and overseeing the [DELETED] agreements.

These items are discussed in greater detail in the Findings and Recommendations section of the report. Our audit objectives, scope and methodology appear in Appendix I.

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INTRODUCTION

Background

The mission of the Drug Enforcement Administration (DEA) is to enforce controlled substances laws and regulations and to bring to the criminal and civil justice system those individuals and organizations involved in the growing, manufacture, or distribution of controlled substances either in or destined for the United States. Among the ways that the DEA seeks to meet its mission is through telephonic monitoring of court ordered nonconsensual intercepts, subsequent transcription of recorded material, and the translation of written documents. At the time of our audit fieldwork, the DEA had awarded the following contracts for its Division offices to obtain linguistic services to perform monitoring, transcription, and translation services.

DEA Contracts for Linguistic Services

DEA Division Office\ Contractor	Contract Number	Award Amount	From	To
Chicago\ [DELETED]	[DELETED]	\$3,164,463	10/01/95	09/30/00 ⁶
Dallas\ [DELETED]	[DELETED]	\$2,609,538	07/01/99	06/30/04
Houston\ [DELETED]	[DELETED]	\$13,618,439	04/06/00	09/30/04
Miami\ [DELETED]	[DELETED]	\$15,174,909	06/30/97	06/30/02
New York\ [DELETED]	[DELETED]	\$84,411,097	12/01/00	11/30/05
San Diego\ [DELETED]	[DELETED]	\$13,125,020	07/14/99	07/13/04
Total		\$132,103,466		

Source: The DEA Contracting Officer

We conducted individual audits of the contracts for Dallas, Houston, Miami, and San Diego. The New York contract was not audited because it had recently begun and the contractor had submitted few invoices as of July 30, 2001. The Chicago contract was not audited because it was ending and a new contract was about to be awarded. The total amount of funds awarded for the four contracts reviewed was about \$44.5 million. At the time of our audit work, the total amount of funds reimbursed to the contractors for the four contracts reviewed was about \$9.5 million.

⁶ This contract was extended to March 31, 2001, or until a new contract was awarded.

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The DEA had also established a Memorandum of Understanding (MOU) with the [DELETED] to obtain linguistic services to perform translations and transcriptions of written documents, audio and videotapes, and other materials. The [DELETED] became involved with the DEA through the National Guard Counterdrug Activities Program established by Congress under the Controlled Substances Act. Under this program, the [DELETED] makes linguists available to the DEA through reimbursable agreements at a cost lower than the DEA can obtain through other methods⁷. The following table shows the scope of the reimbursable agreements entered into through the MOU for each fiscal year.

**Amount of Reimbursable Agreements
Between the DEA and the [DELETED]**

Fiscal Year	Award Amount	Amount Paid
1997	\$50,000	\$20,583
1998	\$275,000	\$261,437
1999	\$1,500,000	\$831,625
2000	\$1,500,000	\$1,611,842
2001	\$2,000,000	\$1,409,357
Total:	\$5,325,000	\$4,134,844

Source: The DEA Program Analyst for
the Reimbursable Agreements

⁷ The [DELETED] is an important source of linguists because the State of [DELETED] is highly populated with bilingual persons, which makes it easier for the [DELETED] to recruit bilingual civilians.

FINDINGS AND RECOMMENDATIONS

1. COMPLIANCE WITH ESSENTIAL CONTRACT REQUIREMENTS

We audited four of the six linguistic services contracts awarded by the DEA for its field divisions and found that while the DEA case agents and Assistant United States Attorneys (AUSAs) were generally satisfied with the quality of the linguistic services provided by the contractors, weaknesses existed in the: (1) DEA's monitoring of payments to the contractors, (2) contractors' claims for reimbursement, and (3) DEA's use of Blanket Purchase Agreements for services available through the contracts. As a result, in the individual audit reports on each contract we questioned \$2,816,581⁸ of the \$9,482,139 paid to the contractors. We often found that the same weaknesses occurred on more than one contract, indicating a need for additional guidance from the DEA to ensure that its field divisions properly administer the contracts.

Recipients Were Generally Satisfied With the Quality of Contract Services

For the contracts in Dallas, Houston, Miami, and San Diego, we randomly selected a sample of invoices paid under the contracts and determined the cases associated with those invoices. We then identified the DEA case agents and AUSAs that were responsible for managing and prosecuting these cases. We either interviewed or sent surveys to the DEA case agents and AUSAs to determine their views of the contractors' performance. The DEA case agents and the AUSAs were generally pleased with the quality of linguistic services provided on the cases. Many of the case agents stated that the translations and transcriptions were instrumental in dismantling or disrupting the targeted group or organization. Also, many case agents stated that the results of the investigations could not have been achieved without the use of linguists to interpret communications. Several of the AUSAs pointed out that having the same linguists working from the beginning of the case to its conclusion resulted in a better quality product.

⁸ This amount contains some duplicated costs as some costs were questioned under multiple categories. However, the questioned costs were based on a sample of invoices reviewed for each category and are not projected to the total universe of invoices paid. In the individual audit reports for each contract, we recommended that the DEA remedy these questioned costs. Questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.

Contractors Submitted Invoices for Services Not Authorized by Delivery Orders

The contractors at the four locations billed and were paid \$425,580 for individual services not authorized by the contract delivery orders. The contracts require that delivery orders be issued to the contractors for all services ordered by the DEA. The contractor is only authorized to perform and be paid for the services and amounts identified in the delivery orders. We randomly selected a sample of delivery orders issued by the DEA for each of the four contracts reviewed. For the sample delivery orders, we obtained the associated invoices and compared the services and amounts paid on the invoices to the services and amounts ordered by the delivery orders. In total, we sampled 284 of the 1,462 invoices paid to the contractors at the four locations. The 284 invoices totaled \$2,003,725. We determined that the DEA paid the contractors \$425,580 that was for either services not ordered by the delivery orders, or amounts higher than ordered by the delivery orders.

Contractors Submitted Invoices for Services Performed Outside the Performance Period Authorized by the Delivery Orders

The contractors at the four locations billed and were paid \$529,833 for linguistic services performed outside the performance periods authorized by the delivery orders. We randomly selected a sample of delivery orders issued by the DEA for each of the four contracts reviewed. For the sample delivery orders, we obtained the associated invoices. We then compared the performance periods contained in the delivery orders to the actual performance periods billed by the contractor for the services ordered. In total, we sampled 409 of the 1,462 invoices paid to the contractors at the four locations. The 409 invoices totaled \$2,846,406. We determined that the contractors submitted invoices for services outside the performance periods specified in the delivery orders. The DEA paid the contractors \$529,833 in unallowable costs for these services.

Contractors Submitted Invoices for Services Begun Before the Delivery Orders Were Issued by the Contracting Officer

The contractors at the four locations billed and were paid \$990,152 for services begun before the Contracting Officer issued the delivery orders. We randomly selected a sample of delivery orders issued by the DEA for each of the four contracts reviewed. For the sample delivery orders, we obtained the associated invoices. We then compared the performance periods contained in the invoices to the dates the Contracting Officer issued the delivery orders authorizing the services. We determined that the contractors billed for services that were begun before the delivery orders were issued. In total, we sampled 409 of the 1,462 invoices paid to the contractors at the four locations. The 409 invoices totaled \$2,846,406. The DEA paid the contractor \$990,152

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in unallowable costs for these services. According to the contracts, delivery orders shall be signed by the Contracting Officer. As such, any invoice submitted by the contractors for services begun before the receipt of a delivery order issued by the Contracting Officer are unallowable.

Contractors' Invoices Not Supported by Timesheets

Invoices Not Supported Because of Missing Timesheets

The contractors at three of the four locations (Dallas, Houston, and San Diego) billed and were paid \$353,636 for which the contractors did not provide supporting timesheets. We randomly selected a sample of invoices paid by the DEA under each of the four contracts reviewed. In total, we sampled 427 of the 1,462 invoices paid to the contractors at the four locations. The 427 invoices totaled \$2,638,261. For the sample invoices, the contractors did not provide the timesheets to the DEA to support the amounts billed on 39 of the 239 invoices at three of the four locations. The contracts require the contractors to make the timesheets available to the DEA. The total amount of the 239 invoices sampled at the three locations was \$1,951,572, of which we questioned the \$353,636 paid for the 39 invoices as unsupported.

Invoices Not Supported By Available Timesheets

The contractors at two of the four locations (Dallas and San Diego) billed and were paid \$5,949 for hours not supported by timesheets provided to the DEA by the contractors. We randomly selected a sample of invoices paid by the DEA under each of the four contracts reviewed. For the sample invoices, we obtained the contractors' summary timesheets that supported the invoices and the contractors' bi-weekly timesheets that supported the summary timesheets. In total, we sampled 302 of the 1,462 invoices paid to the contractors at the four locations. The 302 invoices totaled \$1,795,580. We determined that the contractors at two of the four locations (Dallas and San Diego): (1) submitted invoices that contained more hours than was supported by the summary timesheets, or (2) prepared summary timesheets that contained more hours than was supported by the bi-weekly timesheets. The total amount of the 49 invoices sampled at the two locations was \$458,105, of which we questioned \$5,949 as unsupported.

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Contractors Changed Key Personnel Without Written Approval from the DEA

The contractors at two of the four locations (Dallas and Houston) billed and were paid \$297,866 for new core contractor personnel without requesting and obtaining prior written approval from the DEA to claim these core personnel. According to the contracts, the contractors must provide a permanent group of linguists located in the [DELETED] of the field divisions. These linguists are designated as the core unit. One of the permanent linguists is designated as the site supervisor. The other permanent linguists are designated as team leaders. The contracts also state that any additions to the core unit or key personnel must be approved by the Contracting Officer's Technical Representative (COTR) in writing prior to the linguists charging time under the contract. Also, the contractor must notify the COTR in writing, at least 5 calendar days in advance if any core unit or key personnel are to be removed or diverted from the contract.

We randomly selected a sample of invoices paid by the DEA under three of the four contracts. We did not review this issue for the Miami contract because the contract did not contain this requirement. In total, we sampled 84 of the 513 invoices paid the contractors at the three locations. The 84 invoices totaled \$699,948. We found that at two of the three locations (Dallas and Houston), the contractors made changes to the core unit personnel, but never received prior approval from the DEA to do so. The total amount of the 78 invoices sampled at the two locations was \$467,841, of which we questioned the \$297,866 paid to the two contractors for core unit personnel changes without approval as unsupported.

Invoices Questionable Due to Sign-in/Sign-out Log Discrepancies

Contractors Billed for More Hours Than Worked Per the Sign-in/Sign-out Logs

The contractors at three of the four locations (Dallas, Houston, and Miami) billed and were paid \$21,576 for more hours than the DEA's sign-in/sign-out logs showed were worked. To determine whether the contractors billed the DEA correctly, we randomly selected a sample of invoices paid by the DEA under three of the four contracts reviewed. We did not review this issue for the San Diego contract because at the start of our audit, the San Diego office did not maintain sign-in/sign-out logs. In total, we sampled 268 of the 1,440 invoices paid to the contractors at the three locations. The 268 invoices totaled \$1,127,421. We then compared the hours billed on the invoices to the hours on the sign-in/sign-out logs. We found that the contractors at the three locations billed and were paid \$21,576 for 715.5 more hours than were allowed based on the sign-in/sign-out logs. These costs are

unallowable.

Questionable Entries on Sign-in/Sign-out Logs

At each of the four locations, we reviewed the sign-in/sign-out logs for the sample invoices paid by the DEA. At two of the four locations (Dallas and Houston), we identified 61 instances in which contractor personnel signed in on the DEA's sign-in/sign-out log at an earlier time than the person who signed in before them. At the same two locations, we identified 264 instances in which the time recorded by different contractor personnel appeared to be in the same handwriting. Further, at the two locations, we identified 123 instances in which the sign-in or sign-out times had been altered by either erasing the times recorded and writing in new times, or writing new times over the previously recorded times. These scenarios indicate a lack of controls over the sign-in/sign-out logs, and could indicate a manipulation of the hours claimed by the contractors.

Also, at all four field divisions, we made visits to [DELETED], interviewed linguists, and reviewed the sign-in/sign-out logs for those linguists interviewed. At the [DELETED] of two field divisions (Houston and Miami), our review of the sign-in/sign-out logs showed that for 9 of the 101 entries we reviewed, the linguists both signed in and signed out at the time they signed in. Furthermore, at one of the two [DELETED] (Houston), the DEA case agents overseeing the respective [DELETED] had already initialed the entries as approved before the workday was over. Allowing the contract linguists to sign in and sign out upon arrival is another weakness in the DEA's controls over the sign-in/sign-out log.

Contractors Billed for Excessive Team Leader Personnel

The contractors at three of the four locations (Dallas, Houston, and Miami) billed and were paid \$62,271 for more than one team leader per work shift even though the contracts were designed to have only one team leader per shift. According to the contracts, the core unit of personnel is made up of a site supervisor and team leaders. The team leaders will generally be assigned to different shifts and serve as the team leader during that shift. During slow periods when no intercepts are active, the core unit personnel may be assigned to work standard business hours and provide general linguistic services.

For the sample of invoices paid by the DEA under each of the four contracts reviewed, we reviewed the sign-in/sign-out logs or time sheets supporting those invoices to determine if the contractor assigned more than one team leader per shift. In total, we sampled 83 of the 1,462 invoices paid to the contractors at the four locations. The 83 invoices totaled \$705,993.

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We found that the contractors at three of the four locations (Dallas, Houston, and Miami) were improperly paid \$62,271 when they assigned more than one team leader per shift. The total amount of the 77 invoices sampled at the three locations was \$473,886. Since the contracts were designed to allow only one team leader per shift, we consider these costs unallowable without the contractor obtaining written approval from the DEA to assign more than one team leader per shift.

Contractors Billed Overtime That Was Either Not Approved, Approved After the Overtime Was Worked, or at Rates Higher Than Approved

The contractors at two of the four locations (Dallas and Miami) billed and were paid \$30,957 in overtime that either the COTR could not provide documentation showing the overtime had been pre-approved or was not authorized by the contract. To determine whether overtime payments were proper, we randomly selected a sample of invoices paid by the DEA under each of the four contracts reviewed. We then determined if the sampled invoices contained overtime payments. In total we sampled 348 of the 1,462 invoices paid the contractors at the four locations. The 348 invoices totaled \$1,961,710. At one location (Miami), the contract states that overtime is allowed if an individual performed work in excess of 40 hours a week and the overtime is pre-approved by the COTR. For the 191 sample invoices (totaling \$723,412) paid by the DEA under this contract, we determined that \$24,873 of overtime was paid without documentation showing the overtime was pre-approved. At the other location (Dallas), the Contracting Officer modified the contract to establish overtime and holiday rates. For the 102 sample invoices paid (totaling \$507,486) by the DEA under this contract, we determined that \$5,385 of overtime was paid before the contract was modified to allow overtime, and \$699 of overtime was paid at higher rates than allowed by the contract modification.

Contractors Billed for Excess Travel Expenditures

The contractors at three of the four locations (Dallas, Houston, and San Diego) billed and were paid \$73,238 in travel expenses either not allowed by the contracts or not supported by receipts. According to the contracts, all travel costs are to be in accordance with the Federal Travel Regulations. Travel costs are to be reimbursed for actual transportation and travel allowances of personnel authorized to travel. Further, transportation costs are not to be reimbursed in an amount greater than the cost of first class rail or economy air travel, unless the first class rail or economy air travel is not available and the contractor certifies to these facts on the travel voucher or other document submitted for reimbursement.

For a sample of invoices paid at the four locations, we examined the supporting documentation for the invoices that involved costs reimbursed for

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linguists in travel status. In total, we reviewed 36 invoices containing travel payments out of the 1,462 invoices paid to the contractors at the four locations. The 36 invoices totaled \$299,263. We found that the DEA paid the contractor at one location (Dallas) \$2,477 for: (1) higher lodging costs than approved for the location visited, (2) lodging and per diem after the contract employee returned from the location visited, and (3) first class air transportation for contract linguists without the required justification. The \$2,477 in questioned costs was from the \$35,934 in travel costs reviewed at this location. In addition, the DEA paid the contractors at the other two locations (Houston and San Diego) \$70,761 in travel expenses not supported by receipts. The \$70,761 in questioned costs was from the \$226,606 in travel costs reviewed at these locations. As such, we questioned \$2,477 in travel expenses as unallowable and \$70,761 as unsupported.

Contractors Submitted Invoices More Frequently Than Allowed by the Contracts

The contractors at two of the four locations (Dallas and Miami) submitted invoices approximately twice a month instead of once a month as required by the contract. As a result, the DEA had to process twice the number of invoices each month. At one location (Miami), the COTR required the contractor to submit invoices twice a month because the contractor had submitted inaccurate invoices in the past. At the other location (Dallas), the COTR paid the contractor twice a month because the contractor had serious cash flow problems at the beginning of the contract, but the practice continued for no apparent reason. The COTR at one of the locations (Miami) instructed the contractor to begin submitting monthly invoices at the conclusion of our audit.

DEA's Use of Blanket Purchase Agreements Instead of the Linguistic Contracts Resulting in Higher Costs for Linguistic Services

The contractors at the four locations obtained linguistic services outside the linguistic contracts. The contractors in two locations (Houston and San Diego) were unable to provide the services requested by the DEA. Thus, BPAs were used to meet the DEA linguistic service needs. In the other two locations (Dallas and Miami), the DEA could have saved \$58,542 had they used the contractors to provide linguistic services.

For the invoices paid by the DEA under BPAs for linguistic services while the contracts were in effect, we determined if the services could have been provided by the contractor. If the contractor could have provided the services, we compared the cost using the BPAs to what the cost would have been under the terms of the contracts.

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In one location (Dallas), the contractor claimed it could have provided linguistic services the DEA obtained through BPAs. Instead of issuing a written order to the contractor, and having the contractor either accept or deny the request, the DEA used BPAs with three companies to obtain the linguistic services. The DEA could have saved \$33,019 had it prepared a written request to the contractor for the services and used the contractor⁹.

In the other location (Miami), the contractor breached the terms of the contract by informing the DEA that it would no longer provide translation and transcription services on a per-page or per-word basis as provided for in the contract, or recruit linguists for the contract. Because the contractor stopped providing many of the contract services, the DEA had to revert to using more costly BPAs to obtain the needed linguistic services.

We reviewed a limited sample of 16 BPA invoices totaling \$110,819 and found that the DEA spent \$25,523 more by using the BPAs than if it had obtained the services through the contract. The DEA could have paid 23 percent less had it been able to obtain the linguistic services through the contract. If this rate is representative of all \$1,331,588 in BPA purchases for linguistic services made after the contractor stopped providing many contract services, then we estimate the use of the BPAs cost the DEA about an additional \$306,265 at this location (Miami). Instead of terminating the contract, the DEA continued to exercise the contract options because it wanted to maintain stability by at least keeping the contractor's core personnel intact. In addition, according to the Contracting Officer, she was

⁹ In this case, the DEA paid \$55,679 to obtain the linguistic services through the BPAs. Had the DEA obtained these services through the contract, the DEA would have paid \$22,660, thus saving \$33,019. The DEA, and not the contractor, was the cause for the BPA being used instead of the contract. Therefore, the \$33,019 was not reported as a questioned cost in the Dallas audit.

not prepared to solicit another contract, as well as incur the cost associated with awarding a new contract¹⁰.

The Contracting Officer's Technical Representatives Did Not Adequately Oversee the Contracts

The Contracting Officer designated COTRs at the four locations by designation memoranda. These designation memoranda described the duties required of the COTRs that included reviewing the contractor's invoices to ensure the contractors claimed costs in accordance with the contract. The designation memoranda, which the COTRs signed, also stated that the COTRs may not redelegate the authority and responsibilities delegated to them. However, based on our findings previously described, we believe that the COTRs at all four locations could have done a better job of overseeing the contracts.

Our review of the overall operations, as well as sample invoices paid by the DEA at all four locations, found that the COTRs were not always: (1) completing contractor performance evaluations in a timely manner, (2) reviewing and verifying costs claimed by the contractors as accurate and properly supported, (3) ensuring that the contractors claimed costs as approved in the delivery orders, and (4) ensuring that the contractors completed the work within the periods specified in the delivery orders. In addition, at one location (Dallas) the COTR informally assigned a case agent from the field division to perform the duties designated to the COTR for the linguist contract. Had the COTRs properly monitored the contractor's invoices and performance, we believe many of the problems we identified, including higher linguistic costs and poor contractor performance, could have been avoided.

After the exit conference, a DEA official provided us preliminary written comments to the finding and recommendation on compliance with essential contract requirements. The DEA's comments indicated that the COTRs have received detailed training to carry out their responsibilities as COTRs, and that it would draft additional guidance to the COTR's to address each of the issues disclosed in this finding. We acknowledge that the COTRs have received training to carry out their COTR responsibilities. However, since the training was not effective in ensuring that the COTRs verified that the costs

¹⁰ In the individual audit report for the Miami contract, we addressed the issue relating to the contractor's apparent breach of contract by recommending that the DEA: (1) remedy the \$25,523 in unallowable costs paid for services through BPAs that should have been provided by the contractor, and (2) determine the remaining additional costs the DEA incurred by having to use BPAs to obtain linguistic services that should have been provided by the contractor and take appropriate actions against the contractor for causing the DEA to incur these additional costs.

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claimed by the contractors were allowable and properly supported, we believe that the DEA needs to issue additional guidance to the COTRs and conduct random checks of the invoices certified by the COTRs to make sure the invoices contain only allowable and supported costs.

Recommendations¹¹:

We recommend that the DEA Administrator:

1. Issue guidance to the field division COTRs instructing them to ensure that:
 - a. contractors are not paid for services not authorized by the delivery orders.
 - b. contractors are not paid for services completed outside the performance period authorized by the delivery orders.
 - c. contractors do not begin work before the work has been properly authorized by the Contracting Officer.
 - d. contractors are not paid for hours not supported by time records.
 - e. contractors obtain approval from the DEA before changing the core contractor personnel approved under the contract.
 - f. contractors are not paid for hours not supported by the sign-in/sign-out logs.
 - g. contractors properly complete the sign-in/sign-out logs.

¹¹ The following recommendations relate to the DEA's oversight of the contractors to ensure that the DEA pays the contractors for only those costs allowed by the contracts and supported by the contractors. In our four contract audits at Dallas, Houston, Miami, and San Diego, we identified \$2,816,581 in questioned costs. The questioned costs resulted from the contractors submitting invoices for: (1) services not authorized by delivery orders; (2) services performed outside the performance period authorized by the delivery orders; (3) services begun before the delivery orders were issued; (4) services not supported by timesheets or sign-in/sign-out logs; (5) key personnel not approved by the DEA; (6) more team leaders than allowed by the contracts; (7) overtime that was either not approved, approved after the overtime was worked, or at rates higher than approved; and (8) travel expenditures that were not in accordance with the contracts. Because our individual contract audits already contain recommendations to address the deficiencies and questioned costs above, they are not repeated in this report.

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- h. contractors obtain approval from the DEA before assigning more than one team leader per shift.
 - i. contractors are not paid for overtime that is not properly approved or at rates higher than approved.
 - j. contractors are not paid for travel expenses that are either not approved or are not supported by receipts.
 - k. a written request is provided to contractors, and a written denial of the request is obtained from the contractors, before the services are obtained through more costly BPAs.
 - l. performance evaluations of the contractors are completed by the COTRs in a timely manner.
2. Require the Contracting Officer to perform random checks to ensure that the invoices certified by the COTRs are accurate before payment is made.

2. COMPLIANCE WITH INTERAGENCY REIMBURSABLE AGREEMENT REQUIREMENTS

We audited the reimbursable agreements between the [DELETED] and the DEA for translation and transcription services and found that while the recipients of the services provided by the [DELETED] believed the services were beneficial to the DEA's mission to dismantle and disrupt drug organizations, weaknesses existed in the: (1) cost controls in the FY 2000 and FY 2001 agreements, (2) [DELETED] claims for reimbursement, and (3) DEA's monitoring of payments to the [DELETED]. As a result, we questioned \$518,912¹² (13 percent) of the \$4.1 million paid to the [DELETED].

Most Recipients Were Generally Satisfied With the Quality of Services Provided by the [DELETED]

The users of the [DELETED] MOU are primarily the DEA's field divisions. During our audits of the linguistic contracts in the Dallas, Houston, Miami, and San Diego field divisions, we randomly selected a sample of invoices paid under the contracts and determined the cases associated with those invoices. We then identified the 119 DEA case agents and 76 AUSAs that were responsible for managing and prosecuting the cases. We either interviewed or sent surveys to the DEA case agents and AUSAs to determine their views of the contractors' performance, as well as the performance of the [DELETED]. We received input from 104 of the 119 DEA case agents and 39 of the 76 AUSAs. Of the 104 DEA case agents that provided input, 37 had used the services provided by the [DELETED]. Of the 39 AUSAs that provided input, 12 had used the services provided by the [DELETED].

The DEA case agents in one of the four field divisions were generally pleased with the quality and timeliness of the translation and transcription services provided by the [DELETED]. The DEA case agents in the other three field divisions were generally pleased with the quality of the translation and transcription services provided on the cases, but not the timeliness. Two case agents said it took from 5 to 8 months before they received their transcripts, while two other case agents said they sent work to the [DELETED], but the services were never completed. One of those two case agents never received his tape back from the [DELETED]. The AUSAs serving two of the field divisions were generally pleased with the quality and timeliness of linguistic services provided by the [DELETED] on the cases, though some of the AUSAs thought that: (1) the [DELETED] took a little too long to complete its work, or (2) the quality of the [DELETED] translations

¹² The questioned costs are based on a sample of invoices reviewed for each category and are not projected to the total universe of invoices paid.

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were not up to par either because of carelessness or because of the translators' limited understanding of the slang used in the region. At one of the remaining two field divisions, only one AUSA had experience with the [DELETED] reimbursable agreements, and that AUSA was not satisfied with the accuracy or timeliness of the services provided. At the remaining field division, none of the AUSAs had used the [DELETED] for linguistic services.

The DEA Eliminated the Hourly Cost Control from the FY 2000 and FY 2001 Reimbursable Agreements

When negotiating the reimbursable agreements with the [DELETED] for FY 2000 and FY 2001, the DEA removed the hourly cost control that existed in the earlier agreements. In the FY 1997, FY 1998, and FY 1999 agreements, the DEA had included hourly pay rates for the linguists allowed under the agreements. However, in FY 2000, the DEA eliminated this cost control by revising the agreement to include a lump sum amount (\$1,270,000) for 57 linguists. Moreover, the FY 2001 agreement included a lump sum amount (\$1,909,000) for 57 linguists, which amounted to a 50 percent increase in the costs for the 57 linguists from FY 2000 to FY 2001.

According to the Program Analyst who set up the agreements, the FY 2000 and FY 2001 agreements were changed because the DEA management told her there would be fewer problems for both the DEA and the [DELETED] if the agreements contained fewer details about hourly rates. In our judgment, the key cost control providing for hourly rates for linguists should be added back to future agreements to maintain accountability of the costs. After the exit conference, a DEA official provided us comments that the DEA would reconsider its decision to remove the hourly cost control from the reimbursable agreements.

The [DELETED] Billed for Costs in Excess of the FY 2000 Agreement Limit

The [DELETED] billed and was paid \$1,611,842 for costs incurred in FY 2000. However, the FY 2000 reimbursable agreement limited the total costs to \$1.5 million. The agreement indicated that the limit could be exceeded if the DEA modified the agreement to allow the additional costs. After the exit conference, the DEA provided us documentation to show that on November 9, 2000, the DEA's [DELETED] sent a written request to the Financial Management Division to increase the FY 2000 reimbursable agreement to \$1,611,842. However, the DEA did not provide documentation to show the agreement was actually modified. Since the DEA did not provide documentation to show the FY 2000 agreement was modified, we question the \$111,842 paid to the [DELETED] above the limit as unsupported.

The [DELETED] Billed for Personnel Not Allowed

The [DELETED] billed and was paid \$269,476 for personnel not allowed in the reimbursable agreements.

The FY 1997, FY 1998, and FY 1999 reimbursable agreements provided for the [DELETED] to be reimbursed only for civilian linguist personnel costs. The provision for the DEA to reimburse the [DELETED] for technical and administrative support personnel was not allowed until the FY 2000 agreement. We obtained all 31 invoices paid in FY 1997, FY 1998, and FY 1999. The 31 invoices totaled \$1,113,645. We then examined the supporting documentation for the 31 invoices and found 28 invoices where the DEA paid for personnel other than linguists. In FY 1997, FY 1998, and FY 1999, the [DELETED] billed and was paid \$19,673, \$101,067, and \$147,964, respectively, for salaries and fringe benefits of an administrative person and three technical support personnel not reimbursable under the agreements. As such, we question these costs as unallowable.

After the exit conference, a DEA official provided us comments that for one of the technical support positions reimbursed, the position was not separately identified in the Statement of Work until FY 2000, but the work always directly supported the DEA's linguistics program. For the administrative support position reimbursed, the DEA official stated that half of the salary and benefits for the position were charged to the DEA in lieu of an "administrative cost allocation" that was not formulated at the time. The DEA official stated that subsequent to FY 1999: (1) the DEA added a full-time program administrator position to the Statement of Work in FY 2000, and included an "administrative costs allocation" as well; and (2) the [DELETED] discontinued billing for the administrative services of the administrative support position. We acknowledge that the actions taken to revise the FY 2000 and subsequent agreements precluded this deficiency from reoccurring. However, we believe the DEA needs to remedy the improper costs paid from FY 1997 through FY 1999 before the agreements were modified.

In addition, we also found that on one invoice paid in FY 1999, the [DELETED] billed and was paid \$772 for a civilian linguist that was funded and paid by the Department of Defense. We question the \$772 as unallowable.

The [DELETED] Billed for More Hours Than Allowed for Part-time Linguists

The [DELETED] billed and was paid \$63,083 for hours worked by part-time linguists that exceeded the maximum hours or months allowed by the reimbursable agreements. The FY 1997, FY 1998, and FY 1999 reimbursable agreements allowed each part-time civilian employee to work a maximum of

19 hours per week. In FY 2000 and FY 2001, the agreements allowed each part-time civilian employee to exceed 19 hours per week per year as long as the part-time employee did not work more than 9 months during the year.

We selected a sample of 36 of the 56 invoices paid as of July 30, 2001¹³. The 36 invoices totaled \$1,805,904. For the 36 sample invoices paid, we examined the supporting payroll records and found 26 invoices where part-time civilian employees exceeded the maximum hours or months allowed by the reimbursable agreements. We then multiplied the excess hours by the actual pay rate or the allowable pay rate, whichever was less. In FY 1998, FY 1999, FY 2000, and FY 2001, the [DELETED] billed and was paid \$12,742, \$38,136, \$2,825, and \$9,380, respectively, for the costs of salaries and fringe benefits in excess of the 19 hours per week or 9 months per year for part-time civilian personnel. As such, we question these costs as unallowable.

The [DELETED] Billed for Excess Travel Expenditures

The [DELETED] billed and was paid \$45,163 in travel expenses not allowed by the reimbursable agreements. For the 36 sample invoices paid (totaling \$1,805,904), 17 involved costs reimbursed for civilian personnel in travel status. We examined the supporting documentation for these 17 invoices and found that the DEA paid the [DELETED] for travel expenses totaling:

- \$5,983 for full-time civilian personnel that were not allowed in the FY 1998 reimbursable agreement. The FY 1998 agreement states that travel by full-time civilian personnel shall be funded by the [DELETED] and part-time civilian personnel shall not be required to travel. In addition, these travel expenses were either not approved by the DEA or not supported by receipts. These costs are unallowable.
- \$29,009 for technical support personnel that were not allowed in the FY 1999 reimbursable agreement. The DEA did not authorize technical support personnel until the FY 2000 agreement. Therefore, these costs are unallowable.
- \$7,237 for which the [DELETED] did not provide the required advance notification to the DEA. The FY 1999 agreement stated that the [DELETED] shall fax a copy of all travel authorizations to the DEA's designated representative prior to commencement of travel. For

¹³ We selected 100 percent (31) of the invoices paid in FY 1997 (2), FY 1998 (14), and FY 1999 (15) and 20 percent (5) of the remaining 25 invoices paid in FY 2000 (3) and FY 2001 (2). Since the DEA had eliminated the key cost control in the FY 2000 and FY 2001 agreements, we concentrated our review on the invoices paid in FY 1997 through FY 1999.

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these expenses, there was no evidence that the [DELETED] provided the required advance notification to the DEA or that the DEA approved the travel. Therefore, we question these costs as unsupported.

- \$2,934 (\$742 in FY 2000 and \$2,192 in FY 2001) for civilian personnel that were not approved in writing by the DEA as required by the FY 2000 and FY 2001 reimbursable agreements. The FY 2000 and FY 2001 agreements require that all requests for out of state travel authorizations be signed by at least a DEA Assistant Special Agent in Charge. For these expenses, no such approval was obtained. Therefore, we questioned these costs as unsupported.

After the exit conference, a DEA official provided us comments that it was DEA's opinion that the travel was justified, approved, and in support of linguistic services for the DEA.

The [DELETED] Billed for Personnel Costs Not Supported by Payroll Records

The [DELETED] billed and was paid \$7,405 for which the [DELETED] did not have supporting payroll records. Of the 36 sample invoices paid (totaling \$1,805,904) by the DEA, the [DELETED] did not provide the payroll records to the DEA to support 7 civilian personnel billed as part of one invoice. The invoice was for the 2-week pay period ended July 23, 1999. The agreements require the [DELETED] to maintain documents to support the bills. As such, we question the \$7,405 as unsupported.

The [DELETED] Billed Higher Hourly Rates Than Allowed

The [DELETED] billed and was paid \$7,295 for average hourly rates that exceeded the average hourly rates allowed by the FY 1998 and FY 1999 reimbursable agreements. The FY 1998 reimbursable agreement allowed the [DELETED] to charge the DEA an average hourly rate of \$14.95 for part-time civilian employees and \$19.95 for full-time civilian employees. The FY 1999 reimbursable agreement allowed the [DELETED] to charge the DEA an average hourly rate of \$15 for part-time civilian employees and \$20 for full-time civilian employees. The FY 2000 and FY 2001 agreements did not provide hourly rates.

For the 29 sample invoices paid (totaling \$1,093,062) in FY 1998 and FY 1999, we examined the supporting payroll records and calculated the average hourly rate for both full and part-time civilian linguists billed to the DEA. We found eight invoices where the [DELETED] billed for part-time civilian employees at average hourly rates that exceeded the average hourly rates allowed by the FY 1998 and FY 1999 reimbursable agreements. In

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FY 1998 and FY 1999, the [DELETED] billed and was paid \$264 and \$7,031, respectively, for the portion of the part-time civilian employees' pay that exceeded the hourly rates allowed in the agreements. These costs are unallowable.

The [DELETED] Billed for Awards Not Allowed

The [DELETED] billed and was paid \$5,838 for awards not allowed by the FY 1999 reimbursable agreement. The [DELETED] could not be reimbursed for monetary awards made to civilian personnel until the FY 2000 and FY 2001 agreements. For the 31 sample invoices paid (totaling \$1,113,645) in FY 1997, FY 1998, and FY 1999, we examined the supporting documentation and found two invoices where the DEA paid \$5,838 for awards given to [DELETED] civilian personnel prior to FY 2000. These costs are unallowable. After the exit conference, a DEA official provided us comments that prior to paying one of the FY 1999 invoices (1999-252), the DEA deducted \$2,465.59 for monetary awards paid to four [DELETED] employees. We did not question the \$2,465.59 for these employees since the DEA had deducted those costs from the payment to the [DELETED]. The DEA official also stated that the DEA paid the remaining awards billed on invoice 1999-252 plus additional awards billed on invoice 1999-256. These awards billed on invoices 1999-252 and 1999-256 are the awards we questioned for FY 1999 totaling \$5,838. The DEA official stated that the payment of awards was clarified in the FY 2000 Statement of Work. We acknowledge that the payment of awards was clarified in the FY 2000 Statement of Work. However, we believe that the DEA needs to remedy the awards paid in FY 1999 before awards were allowed in the agreements.

The [DELETED] Billed for Unallowable Administrative Costs

The [DELETED] billed and was paid \$5,804 of administrative costs that exceeded the amounts allowed by the FY 1998 and FY 2000 reimbursable agreements. The FY 1997, FY 1998, and FY 1999 reimbursable agreements did not provide for reimbursement of administrative costs. The FY 2000 and FY 2001 reimbursable agreements allowed the reimbursement of administrative costs at rates of 1.1 percent and 1.3 percent of the actual expenses reimbursed, respectively.

In FY 1998, the [DELETED] was paid \$4,704 for administrative costs. Since administrative costs were not allowed in the FY 1998 agreement, these costs are unallowable.

In FY 2000, the [DELETED] was paid \$17,600 for administrative costs based on \$1.6 million of expenses reimbursed by the DEA. However, the FY 2000 agreement limited the reimbursable costs to \$1.5 million. As such, the [DELETED] was limited to \$16,500 of administrative costs (\$1.5 million

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times 1.1 percent) for FY 2000. Therefore, we question the \$1,100 overpayment as unallowable.

The [DELETED] Billed for Overtime Not Allowed

The [DELETED] billed and was paid \$3,006 in either overtime or the accrual of overtime hours as compensatory time not allowed by the reimbursable agreements. In the FY 1997, FY 1999, FY 2000, and FY 2001 reimbursable agreements, overtime was not permitted. In the FY 1999, FY 2000, and FY 2001 agreements, full-time civilian personnel were to be compensated for working overtime hours with an equal number of compensatory hours off. In the FY 1998 agreement, full-time civilian personnel were permitted to work overtime, but the overtime had to be pre-approved by the DEA's designated representative.

For the 36 sample invoices paid (totaling \$1,805,904), we examined the supporting documentation and found 16 invoices that had unallowable overtime or compensatory payments to civilian personnel as follows:

- In FY 1998, the DEA paid three invoices to the [DELETED] that included \$554 for overtime incurred by linguists designated as part-time civilian personnel. We question these costs as unallowable because overtime was only permitted for full-time civilian personnel in the FY 1998 reimbursable agreement.
- In FY 1999, FY 2000, and FY 2001, the DEA paid seven invoices to the [DELETED] that included overtime of \$798. Since overtime was not allowed in the FY 1999, FY 2000, and FY 2001 agreements, we question the \$798 in overtime payments as unallowable.
- In FY 1999 and FY 2000, the DEA paid 12 invoices to the [DELETED] that included payments for compensatory time of \$4,373 and \$587, respectively. However, the [DELETED] claimed compensatory time for the number of extra hours worked plus the [DELETED] claimed an extra 50 percent for benefits as follows:

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Compensatory Time Claimed

FY	Compensatory Time Claimed	Extra Benefits Claimed	Total Claimed
1999	\$2,915	\$1,458	\$4,373
2000	\$391	\$196	\$ 587
Total	\$3,306	\$1,654	\$4,960

Source: [DELETED] Invoices and Supporting Payroll Records

Since the FY 1999 and FY 2000 agreements limit compensatory time claimed to equal the number of extra hours actually worked, we question the extra 50 percent claimed for benefits (\$1,654) as unallowable.

After the exit conference, a DEA official provided us a copy of the Statement of Work for the FY 2002 agreement in which the DEA clarified its policy for allowing overtime and compensatory time. We acknowledge that the overtime and compensatory time policy has been clarified in the FY 2002 agreement. However, we believe that the DEA needs to remedy the improper overtime and compensatory time payments that occurred prior to the agreement being modified.

The DEA Did Not Effectively Monitor the Costs Billed by the [DELETED]

The DEA did not adequately monitor the payments to the [DELETED]. According to the Program Analyst responsible for monitoring the [DELETED] agreements, the review and approval of the [DELETED] invoices was limited primarily to verifying that personnel listed on the invoices have DEA security clearances. If an individual listed on an invoice does not have a DEA security clearance, then the charges for that individual are backed out of the monthly payment to the [DELETED]. The Program Analyst generally used no other means to verify the accuracy and support of the invoices. Specifically, no verification was made to ensure that the amounts billed by the [DELETED] for hours worked, travel, overtime, awards, and personnel costs met the full terms of the agreements. The Program Analyst stated that she was not given any written guidance on how to validate invoices submitted by the [DELETED]. After the exit conference, a DEA official provided us a copy of the Statement of Work for the FY 2002 agreement in which the DEA included clarifications for overseeing the agreements and reviewing the [DELETED] invoices. While these clarifications are helpful, the DEA needs to establish written internal procedures for validating the invoices to avoid the types of questionable payments we identified.

Recommendations

We recommend that the DEA Administrator:

3. Reestablish hourly rates for linguists in future reimbursable agreements with the [DELETED].
4. Remedy the \$111,842 paid to the [DELETED] that exceeded the \$1.5 million allowed under the terms of the FY 2000 agreement.
5. Remedy the \$269,476 paid to the [DELETED] for: (1) technical and administrative support costs not allowed in the FY 1997, FY 1998, and FY 1999 agreements, and (2) a linguist funded and paid by the Department of Defense.
6. Remedy the \$63,083 paid to the [DELETED] for hours or months worked by part-time linguists that exceeded the terms of the agreements.
7. Remedy the \$45,163 paid to the [DELETED] for travel related expenses not authorized by the agreements.
8. Remedy the \$7,405 paid to the [DELETED] for salaries and fringe benefits claimed by the [DELETED] personnel, but for which the [DELETED] did not provide payroll records to support the payments.
9. Remedy the \$7,295 paid to the [DELETED] for average hourly rates paid to the [DELETED] personnel that exceeded the terms of the FY 1998 and FY 1999 agreements.
10. Remedy the \$5,838 paid to the [DELETED] for monetary awards not allowed in the FY 1999 agreement.
11. Remedy the \$5,804 paid to the [DELETED] for administrative costs that were not allowed or exceeded the terms of the FY 1998 and FY 2000 agreements.
12. Remedy the \$3,006 paid to the [DELETED] for overtime or compensatory time benefits not allowed by the agreements.
13. Establish written procedures for reviewing invoices and overseeing the [DELETED] agreements.

OTHER MATTERS

The purpose of this section is to bring to the DEA management's attention another matter that we noted during the audit. The matter is for informational purposes only.

The Government Performance Results Act (GPRA) of 1993 provides for the establishment of strategic planning and performance measurements in the Federal Government. It seeks to improve the effectiveness, efficiency, and accountability of federal programs by establishing a system for agencies to set goals for program performance and to measure results. The GPRA also requires agencies to prepare an annual performance plan. The annual performance plan establishes annual performance goals to help meet the agencies' long-term goals. The annual performance plan should also contain performance indicators for use in measuring whether the annual performance goals are met.

As part of our audit, we reviewed the DEA's FY 2001 Annual Performance Plan to assess whether the DEA had included performance goals and performance indicators for the linguistic services contracts. We found that no such goals or performance indicators were included in the DEA's annual performance plan. In our judgment, this is consistent with the GPRA of 1993 because it does not require that goals and performance measures be developed at the micro-level. The GPRA requires that performance goals and performance indicators be included in the annual performance plan for each program activity. The GPRA defines program activity as a specific activity or project as listed in the program and financing schedules of the annual budget of the United States Government. Contracts for linguistic services are not listed in the DEA's portion of the FY 2001 annual budget for the United States Government. Therefore, contracts for linguistic services are not considered a program activity and as such, the DEA was not required to develop performance goals and performance indicators for these contracts.

STATEMENT ON COMPLIANCE WITH LAWS AND REGULATIONS

We have audited the DEA's administration of contracts and agreements for linguistic services. The audit period covered the period July 1, 1997, through July 30, 2001, and included a review of selected activities and transactions. The audit was conducted in accordance with generally accepted Government Auditing Standards.

In connection with the audit and as required by the standards, we reviewed procedures, activities, and records to obtain reasonable assurance about the DEA's compliance with laws and regulations that, if not complied with, we believe could have a material effect on program operations. Compliance with laws and regulations is the responsibility of the DEA's management.

Our audit included examining, on a test basis, evidence about laws and regulations that related to the DEA's contracts and agreements for linguistic services. The specific laws and regulations for which we conducted tests are:

- Federal Acquisition Regulations
- Federal Travel Regulations
- Government Performance Results Act of 1993

Except for instances of non-compliance identified in the Findings and Recommendations section of this report, the DEA was in compliance with the laws and regulations referred to above. With respect to those transactions not tested, nothing came to our attention that caused us to believe that the DEA was not in compliance with the referenced laws and regulations above.

OBJECTIVES, SCOPE AND METHODOLOGY

Our objectives were to determine whether the: (1) Drug Enforcement Administration (DEA) adequately monitored the performance and costs of the linguistic services providers, (2) recipients of the linguistic services were satisfied with the services received, and (3) DEA complied with the Government Performance Results Act (GPRA) requirements as they relate to the linguistic services contracts and agreements. We conducted our audit in accordance with Government Auditing Standards and included such tests as were considered necessary to accomplish our objectives. Our audit concentrated on, but was not limited to, the period July 1, 1997, through July 31, 2001.

One phase of our audit involved the completion of individual audits of the DEA's linguistic services contracts at Dallas, Houston, Miami, and San Diego. At each of these locations we focused on performing tests and interviewing personnel from the DEA, the United States Attorneys Offices, and the contractors to determine if the:

- recipients of the linguistic services were satisfied with the quality of the services provided by the contractors.
- contractors billed and were paid for individual services and amounts ordered by the contract delivery orders. To perform this test, we randomly selected and obtained a sample of the delivery orders issued for each contract. We then obtained all the invoices that were paid against the sample delivery orders. In total, we sampled 284 of the 1,462 invoices paid to the contractors at the four locations. The 284 invoices totaled \$2,003,725. We then compared the services and amounts paid on the invoices to the services and amounts ordered by the delivery orders.
- contractors billed and were paid for individual services that were completed within the performance period specified in the delivery orders and started after the delivery orders were issued by the Contracting Officer. To perform this test, we randomly selected and obtained a sample of the delivery orders issued for each contract. We then obtained all the invoices that were paid against the sample delivery orders. In total, we sampled 409 of the 1,462 invoices paid to the contractors at the four locations. The 409 invoices totaled \$2,846,406. We then compared the: (1) performance periods contained in the delivery orders to the actual performance periods billed by the contractors for the services ordered, and (2) performance periods contained in the invoices to the dates the

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Contracting Officer issued the delivery orders authorizing the services.

- contractors maintained timesheets, as required by the contracts, to support the personnel and hours billed. To perform this test, we determined if timesheets were provided to the DEA for invoices paid under the contracts. In total, we sampled 427 of the 1,462 invoices paid to the contractors at the four locations. The 427 invoices totaled \$2,638,261.
- contractors billed and were paid when contract employees were not performing any work under the contracts. To perform this test, we interviewed the DEA personnel who observed the contractors' personnel.
- contractors obtained written approval from the DEA to change key personnel before billing for such personnel, as required by the contracts. To perform this step, we reviewed the sample invoices to identify instances where the contractors changed the key personnel on the contracts and then we interviewed the Contracting Officer's Technical Representatives (COTRs) to determine if the contractors obtained written approval from the DEA to make the changes. In total, we sampled 84 of the 513 invoices paid to the contractors at three of the four locations. We did not review this issue for the Miami contract because the contract did not contain this requirement. The 84 invoices totaled \$699,948.
- contractors billed and were paid for hours for which the DEA's sign-in/sign-out logs showed the contractors' employees worked. To perform this step, we selected a sample of invoices for each contract and compared the hours billed on the invoices to the hours on the sign-in/sign-out logs. In total, we sampled 268 of the 1,440 invoices paid to the contractors at three of the four locations. We did not review this issue for the San Diego contract because at the start of our audit, the San Diego office did not maintain sign-in/sign-out logs. The 268 invoices totaled \$1,127,421.
- contractors billed and were paid for only one site supervisor and one team leader per shift as provided for in the contracts. To perform this step, we reviewed the sign-in/sign-out logs supporting a sample of invoices for each contract to determine if the contractors assigned more than one site supervisor and team leader per shift. In total, we sampled 83 of the 1,462 invoices paid to the contractors at the four locations. The 83 invoices totaled \$705,993.
- contractors billed and were paid for overtime that was authorized by the contracts and properly approved by the COTRs. To perform this

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step, we reviewed a sample of invoices from each contract to determine if any overtime was billed and paid without being authorized in the contracts or without proper approval from the COTRs. In total, we sampled 348 of the 1,462 invoices paid to the contractors at the four locations. The 348 invoices totaled \$1,961,710.

- contractors submitted invoices for travel costs authorized by the contracts and properly approved by a DEA representative. To perform this step, we reviewed a sample of invoices to determine if the travel costs claimed were in accordance with the Federal Travel Regulations as required by the contract and were approved by a DEA representative as required. In total, we reviewed a sample of 36 invoices containing travel payments out of the 1,462 invoices paid to the contractors at the four locations. The 36 invoices totaled \$299,263.
- contractors submitted invoices based on the frequency required by the contracts. To perform this step, we interviewed the COTRs and reviewed a sample of invoices paid under each contract.
- DEA adequately monitored the performance of the contractors. To perform this step, we obtained the Contracting Officer's memoranda that designated the COTRs for each contract to identify the responsibilities of the COTRs for monitoring the contractors' performances. We then reviewed a sample of invoices for each contract to determine if the COTRs reviewed and approved the invoices for payment as required. We also obtained the performance reports prepared by the COTRs to determine if they were completed as required.

The second phase of our audit involved the review of the FY 1997, FY 1998, FY 1999, FY 2000, and FY 2001 interagency reimbursable agreements between the DEA and the [DELETED]. In this phase, we performed tests and interviewed personnel from the DEA and the [DELETED] to determine if the:

- [DELETED] billed and was paid for the total costs authorized by the reimbursable agreements. To perform this step, we reviewed all 56 invoices paid under the agreements to determine if the [DELETED] reimbursements exceeded the total amounts authorized under the agreements for each fiscal year. The 56 invoices totaled \$4,134,844.
- [DELETED] billed and was paid for personnel that were authorized by the reimbursable agreements. To perform this step, we reviewed a

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sample of 36 of the 56 invoices paid under the reimbursable agreements to determine if any civilian personnel were paid without being authorized in the agreements. The 36 invoices totaled \$1,805,904.

- [DELETED] billed and was paid for hours worked by part-time civilian personnel that were authorized by the reimbursable agreements. To perform this step, we reviewed the 36 sample invoices to determine if any part-time civilian personnel exceeded the maximum hours and months authorized in the agreements. The 36 invoices totaled \$1,805,904.
- [DELETED] billed and was paid for travel expenditures authorized by the reimbursable agreements. To perform this step, we reviewed the 36 sample invoices and determined that 17 involved costs reimbursed for civilian personnel in travel status. We then reviewed the supporting documentation for the 17 invoices to determine if the travel costs claimed and paid were authorized by the agreements. The 36 invoices totaled \$1,805,904.
- [DELETED] maintained supporting documents, as required by the reimbursable agreements, to support the personnel and hours billed. To perform this step, we determined if payroll records were maintained by the [DELETED] to support the personnel and hours billed on the 36 sample invoices. The 36 invoices totaled \$1,805,904.
- [DELETED] billed and was paid at the hourly rates authorized by the reimbursable agreements. To perform this step, we reviewed all 31 invoices paid in FY 1997, FY 1998, and FY 1999 to determine if the [DELETED] billed the hourly rates approved in the agreements. The 31 invoices totaled \$1,113,645.
- [DELETED] billed and was paid for awards that were authorized by the reimbursable agreements. To perform this step, we reviewed all 31 invoices paid in FY 1997, FY 1998, and FY 1999 to determine if awards were billed and paid without being authorized in the agreements. The 31 invoices totaled \$1,113,645.
- [DELETED] billed and was paid for administrative costs authorized by the reimbursable agreements. To perform this step, we reviewed all 56 invoices paid under the agreements to determine if the [DELETED] billed and was paid for administrative costs that exceeded the amounts authorized under the agreements. The 56 invoices totaled \$4,134,844.

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- [DELETED] billed and was paid for overtime that was authorized by the reimbursable agreements. To perform this step, we reviewed the 36 sample invoices and to determine if any overtime was billed and paid without being authorized in the agreements or without proper approval from the DEA's designated representative. The 36 invoices totaled \$1,805,904.
- DEA adequately monitored the agreements with the [DELETED]. To perform this test, we interviewed the DEA's Program Analyst that monitored the [DELETED] invoices to determine the process she used to verify the accuracy and support for the invoices.

The last phase of our audit involved the review of the actions taken by the DEA to comply with the GPRA requirements as they relate to the linguistic services contracts and agreements. In this phase, we reviewed the GPRA to determine if the DEA was required to develop performance indicators for the linguistic contracts and if so, whether the DEA actually developed the performance indicators and included them in the annual performance plan.

SCHEDULE OF DOLLAR-RELATED FINDINGS

QUESTIONED COSTS:	AMOUNT¹⁴	PAGE
Unallowable Costs		
Amount Paid for Personnel Not Authorized by the Agreements	\$269,476	16
Amount Paid for Excess Hours	\$63,083	16
Amount Paid for Travel Expenses Not Authorized by the Agreements	\$45,163	17
Amount Paid at Higher Hourly Rates than Allowed	\$7,295	18
Amount Paid for Awards Not Authorized by the Agreements	\$5,838	19
Amount Paid for Excess Administrative Costs Not Authorized by the Agreements	\$5,804	19
Amount Paid for Overtime Not Authorized by the Agreements	\$3,006	20
Total Unallowable Costs	\$399,665	
Unsupported Costs		
Amount Paid for Expenses Exceeding the Authorized Agreement Limits	\$111,842	15
Amount Paid for Services for which the [DELETED] Couldn't Provide Payroll Records	\$7,405	18
Total Unsupported Costs	\$119,247	
TOTAL QUESTIONED COSTS	\$518,912	

Questioned Costs are expenditures that do not comply with legal, regulatory or contractual requirements, or are not supported by adequate documentation at the time of the audit, or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.

¹⁴ The questioned costs reported here were based on a sample of invoices reviewed for each category and are not projected to the total universe of invoices paid.

**THE DRUG ENFORCEMENT ADMINISTRATION'S
RESPONSE TO THE DRAFT AUDIT REPORT**

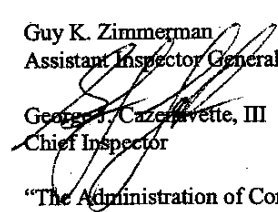


U. S. Department of Justice
Drug Enforcement Administration

APR 26 2002

MEMORANDUM

TO: Guy K. Zimmerman
Assistant Inspector General for Audit

FROM: 
George J. Caspary, III
Chief Inspector

SUBJECT: "The Administration of Contracts and Agreements for Linguistic Services by the
Drug Enforcement Administration"

The Drug Enforcement Administration (DEA) has reviewed the Office of the Inspector General (OIG) audit report cited above. DEA provided separate responses to the single contract audits summarized in this report for linguistic services provided to the Dallas, Houston, San Diego, and Miami Divisions. Responses to the contract audits were submitted to the appropriate OIG Regional Audit Directors. Copies of these memoranda are attached (Attachment 1).

This memorandum contains DEA's response to the 13 recommendations made in this summary report. Two of the recommendations relate to contract guidance and oversight and 11 recommendations address the costs for services provided by the [DELETED] .

The OIG recommended that the DEA Administrator:

1. Issue guidance to the field division Contracting Officer Technical Representatives (COTRs) instructing them to ensure that:
 - a. contractors are not paid for services not authorized by the delivery orders;
 - b. contractors are not paid for services completed outside the performance period authorized by the delivery orders.
 - c. contractors do not begin work before the work has been properly authorized by the Contracting Officer.
 - d. contractors are not paid for hours not supported by time records.
 - e. contractors obtain approval from the DEA before changing the core contractor personnel approved under the contract.
 - f. contractors are not paid for hours not supported by the sign-in/sign-out logs.
 - g. contractors properly complete the sign-in/sign-out logs

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- h. contractors obtain approval from the DEA before assigning more than one team leader per shift.
- i. contractors are not paid for overtime that is not properly approved or at rates higher than approved.
- j. contractors are not paid for travel expenses that are either not approved or are not supported by receipts.
- k. a written request is provided to contractors, and a written denial of the request is obtained from the contractors, before the services are obtained through more costly BPAs.
- l. performance evaluations of the contractors are completed by the COTRs in a timely manner.

Response: The Office of Acquisition Management (FA) has developed additional guidance that will be issued to all COTRs designated under a DEA contract. (A draft copy of this guidance is provided in Attachment 2) This guidance reminds COTRs of the importance of their role and responsibilities as the Contracting Officer's "eyes and ears." This guidance also requires the COTR to act as the technical liaison between the contractor and the Contracting Officer and to actively oversee the contractor's performance to ensure that performance meets the requirements of the contract. This guidance further addresses the significant weaknesses in COTR oversight identified in the DOJ/OIG audit report.

In addition, the Office of Acquisition Management has initiated a comprehensive review of the COTR Program within DEA. Upon completion of this review, DEA intends to propose enhancements and modifications to this program. This effort is intended to ensure the applicable policies and procedures are revised and these requirements are fully employed by the Contracting Officers responsible for acquisition operations and oversight of COTR actions.

Also, FA is coordinating a COTR Training Conference currently scheduled for May, 2002. The training conference will address a variety of subjects including the specific issues raised in the audit report.

- 2. Require the Contracting Officer to perform random checks to ensure that the invoices certified by the COTRs are accurate before payment is made.

Response: FA is currently developing written procedures to ensure contractor's invoices are reviewed regularly by the Contracting Officer/Contract Specialist (CO/CS). In addition to the written procedures requiring the regular review of invoices, a checklist for use in examining contractor invoices will be developed. Once a sound working draft of this checklist is developed, it will be tested and evaluated with each of the field divisions audited by the OIG.

The proposed review procedures will require:

- ♦ Contractor to provide the CO/CS an informational copy of the invoice submitted to the COTR

- ♦ COTR to provide the CO/CS notification of any adjustment make to invoices approved
- ♦ CO/CS to conduct an audit of 10 percent of the invoices received within the previous 30-day period
 - use checklist to review
 - maintain log of invoices examined
- ♦ CO/CS to notify COTR and Contractor of any improper invoices and request correction
 - written notification with a suspense date
- ♦ Use of the proposed checklist to review invoices
 - used by the COTR
 - used by CO/CS
- ♦ Elements to be reviewed with the proposed checklist include:
 - incorporation of required invoice elements and certification by contractor
 - comparison of period of performance billed vs. period of performance ordered
 - comparison of hours billed vs. hours ordered
 - comparison of overtime billed vs. overtime authorized
 - comparison of travel billed vs. travel authorized
 - date invoice received/date invoice approved/date invoice paid
- ♦ COTR to maintain a log of all invoices received and approved
 - copy of DEA-19 and or delivery order
 - log by FY with copy of all approved invoices
 - copy of FFS print screen to demonstrate funding and payment
- ♦ CO/CS establish system to track and monitor invoices paid during previous month
- ♦ Supervisor to evaluate invoice review as a critical element of job performance

FA will also conduct more analysis of the invoice review and payment process for the linguist support service contracts. The current volume of work, individual delivery order tracking, and case specific requirements will be factored into this additional analysis. It is anticipated this will also assist in identifying if further modification of this review process is required. In addition, as we better understand the review and payment process employed by the COTRs for the linguist contracts, we may be able to revise the process to be more efficient.

3. Reestablish hourly rates for linguists in future reimbursable agreements with the

[DELETED]

Response: An estimated hourly cost will be included in a modification to the FY 2002 reimbursable agreement and future reimbursable agreements with the [REDACTED]. The estimated hourly cost will be calculated as follows:

[DELETED]

[DELETED]

[DELETED]

[DELETED]

4. Remedy the \$111,842 paid to the [DELETED] that exceeded the \$1.5 million allowed under the terms of the FY 2000 agreement.

[DELETED] Response: Via memorandum dated November 9, 2000, the [DELETED] submitted paperwork to DEA Headquarters, Financial Management Division, to modify the FY 2000 agreement to an estimated amount of \$1,611,842.33 (Attachment 4). [DELETED] and DEA Headquarters are still working to locate the signed form DOJ-216 for the modification in question. Nonetheless, a new form DOJ-216 will be submitted to retroactively modify the FY 2000 reimbursable agreement and close the file.

[DELETED]

5. Remedy the \$269,476 paid to the [DELETED] for: (1) technical and administrative support costs not allowed in the FY 1997, FY 1998, and FY 1999 agreements, and (2) a linguist funded and paid by the Department of Defense (DOD).

Response: 5 (1) Although the positions in question were not specifically identified as "technical support" in the Statement of Work until October 1, 1999, the work and associated costs always supported DEA's linguistics services in furtherance of Title III criminal investigations. The conditions of the reimbursable agreement state that charges for services shall include both direct and indirect costs applicable to the agreement. Technical and administrative support are indirect costs. The [DELETED] provided the services, DEA accepted the services, and the invoices were paid.

5 (2) The OIG questioned costs indicating that a linguist was billed to and paid by both DEA and DOD. The name of the linguist and Public Voucher numbers provided by the OIG were researched by both [DELETED] and the [DELETED]. This review determined that the amount of \$771.99 in question was not charged to DEA. It was charged to DOD only. There is no indication in [DELETED] or [DELETED] files that the linguist in question was ever billed to both DEA and DOD. [DELETED]

6. Remedy the \$63,083 paid to the [DELETED] for hours or months worked by part-time linguists that exceeded the terms of the agreements.

Response: The terms of the agreements regarding hours or months to be worked by part-time linguists are based on the average number hours anticipated per employee. There appears to be a misinterpretation on the part of the OIG regarding the State of

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[DELETED]

[DELETED]

various avenues for hiring part-time employees. The State of [DELETED] laws regarding part-time employment are intended to obtain maximum services while engaging a flexible workforce. A part-time employee may not exceed 1,560 hours in a 12-month period, regardless of whether the hours are calculated weekly or monthly. Also, there is no requirement for the weeks or months to be worked consecutively. The State of [DELETED] enforces the 1,560-hours rule through payroll employee identification. Each 12-month period and its anniversary are based on the date the employee enters on duty; therefore, nearly all of the part-time employees are on different 12-month cycles.

[DELETED]

Based upon a review by [DELETED] and [DELETED], there is no indication that any part-time employee worked in excess of the number of hours permitted. The language in the FY 2002 Statement of Work was simplified to read: "The total number of hours worked by each part-time employee shall not exceed 1,560 hours in a twelve-month period. Each employee's specific workdays and daily hours of duty shall be assigned by the [DELETED]." (Attachment 5, Page 2)

7. Remedy the \$45,163 paid to the [DELETED] for travel related expenses not authorized by the agreements.

Response: On April 8, 2002, the OIG provided additional information to [DELETED] regarding this finding. All noted travel costs in question were performed at DEA's request and in support of linguistic services for DEA. The Public Vouchers for travel reimbursements provided supporting documentation in the form of travel authorizations, itemized travel vouchers, and receipts. Furthermore, the conditions of the reimbursable agreement state that charges for services shall include both direct and indirect costs applicable to the agreement. Travel is an indirect cost.

[DELETED]

The OIG draft report questions \$5,983 in travel expenses and states that the FY 1998 reimbursable agreement stated that travel by full-time civilian personnel shall be funded by the [DELETED]. The intent of the FY 1998 reimbursable agreement was for the [DELETED] to obtain tickets, provide travel advances, etc., obtain/process travel vouchers, and subsequently bill DEA for the actual amount of travel expenses paid. The travel requirement was clarified in the FY 1999 Statement of Work to read: "Travel by full-time Civilian Personnel, at the request of DEA, shall be funded by the [DELETED] and reimbursed under this agreement, in accordance with the Joint Travel Regulations (JTR)." Travel requirements were further defined in subsequent years to accommodate the [DELETED] increasing support to DEA.

[DELETED]

The OIG maintains a position that the "technical support" personnel are not authorized in the agreements; therefore, travel in the amount of \$29,009.22 for FY 1999 performed by the "technical support" personnel was not eligible for reimbursement. Travel by the "technical support" personnel to various DEA sites and [DELETED] [DELETED] was in direct support of Title III monitoring, transcribing, and translating issues and in furtherance of DEA's Title III criminal investigations.

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Travel questioned in the amount of \$7,236.68 was for two civilian Spanish linguists to provide on-site support for an active criminal investigation being conducted by the DEA Casper, WY Resident Office (RO). This was arranged and telephonically approved by an [DELETED] Unit Chief, based upon a request by the Casper office for on-site support to an active criminal investigation. Additionally, the travel in question occurred prior to the effective date (December 16, 1998) of the requirement for the to fax copies of travel authorizations to DEA.

Travel questioned in the amount of \$2,934 because it was not approved in writing by DEA was for:

- ♦ [DELETED] to the DEA Los Angeles Division (\$601) on January 26, 2000. The travel occurred prior to the effective date (March 13, 2000) of the requirement for travel to be approved in writing by DEA.
- ♦ On-site civilian Arabic linguist support to the DEA Orlando, FL Resident Office (\$141) on August 5, 2000. This travel was performed on one day's notice and was telephonically authorized by an [DELETED] Unit Chief during the round up of Operation Mountain Express that had to be conducted ahead of schedule due to extenuating circumstances. The reimbursement was for mileage and one night of lodging as the linguist was already in Tampa, FL.
- ♦ On-site civilian Vietnamese linguist support to the DEA Houston Division (\$2,192) on April 9, 2001. The travel authorization was approved in writing by a DEA Assistant Special Agent in Charge. (Attachment 6). [DELETED]

8. Remedy the \$7,405 paid to the [DELETED] for salaries and fringe benefits claimed by the personnel, but for which the [DELETED] did not provide payroll records to support the payments.

Response: On April 8, 2002, the OIG provided additional information to regarding this finding, which is in reference to Public Voucher No. 99-261 and contains the names of seven civilian linguists. A review of [DELETED] and [DELETED] files confirmed that the payroll records were attached to Public Voucher 99-261 that was submitted to DEA for payment on September 9, 1999. This appears to be an instance where a page was not copied when the documentation was duplicated for the OIG (Documentation Attachment 7)

9. Remedy the \$7,295 paid to the [DELETED] for average hourly rates paid to the [DELETED] personnel that exceeded the terms of the FY 1998 and FY 1999 agreements.

Response: As noted under DEA's response to Recommendation 3, the terms of the FY 1998 and FY 1999 agreements were based on average hourly rates and total estimated costs.

10. Remedy the \$5,838 paid to the [DELETED] for monetary awards not allowed in the FY 1999 agreement. [DELETED]

Response: After discussion with the [REDACTED], DEA agreed that certain employees' performance deserved formal recognition and agreed to reimburse the monetary awards paid to 14 civilian linguists that were billed on Public Voucher No. 99-252. DEA disallowed the awards for four State administrative employees because they were not directly involved in providing linguistics support to DEA. Three additional awards were billed and paid on Public Voucher No. 99-256. The average amount of the awards was \$327.00. Eight of the 17 awards were for \$225 each. The nominal amounts of the awards and the small number of awards that were made clearly indicate that the [REDACTED] was not taking advantage of the reimbursable agreement.

[DELETED]

Although the FY 1999 Statement of Work did not specify provisions for monetary awards to [REDACTED] civilian employees, it included benefits as part of the estimated costs. Performance awards are considered employee benefits and a customary means to attract and retain qualified personnel. This ambiguity was clarified in the FY 2000 Statement of Work, which incorporated specific language for monetary and non-monetary incentive awards for civilian employees, covered under the reimbursable agreement.

11. Remedy the \$5,804 paid to the [REDACTED] for administrative costs that were not allowed or exceeded the terms of the FY 1998 and FY 2000 agreements.

[DELETED]

[DELETED]

Response: FY 1998 was the first full year the reimbursable agreement with the [REDACTED] was in place. The percentage of the [REDACTED] overall administrative cost allocation could not be projected prior to entering into the agreement. Therefore, DEA and the [REDACTED] agreed to offset the State's administrative cost to support the agreement by funding one-half of the salary of a State administrative assistance who was, in fact, spending half of her time on personnel, accounting, and procurement functions to support the new civilian linguist reimbursement program. When the [REDACTED] had sufficient history to develop the administrative cost allocation that could be attributed to the reimbursable agreement, it found that the half-salary for the administrative assistant fell short by \$4,704 of the amount due.

The OIG states that [REDACTED] should have been reimbursed \$16,500 for administrative cost allocation for FY 2000 instead of \$17,600 and, therefore, was overpaid by \$1,100. The \$17,600 paid to the [REDACTED] for the administrative cost allocation for FY 2000 is an accurate amount based on the established rate of 1.1 percent and the actual reimbursed amount of \$1,611,842.33.

[DELETED]

12. Remedy the \$3,006 paid to the [REDACTED] for overtime or compensatory time benefits not allowed by the agreements.

[DELETED]

[DELETED]

Response: All [REDACTED] civilian employees assigned to the reimbursable agreement are covered by the Fair Labor Standards Act and applicable State of [REDACTED] employment laws, rules, and regulations regarding overtime. Under State law, part-time personnel are permitted to work regularly scheduled 40-hour weeks. Additionally, the State of [REDACTED]

[DELETED] defines compensatory time as paid time off at the rate of one and one-half times for each hour worked. (Attachment 8) Employees must be compensated for hours worked in excess of 40 hours per week. The State employment laws prevail, and all overtime and compensatory time earnings billed by the [DELETED] were in compliance with State of [DELETED] employment laws.

Of the total 17 instances in question where overtime was paid to civilian personnel during FY 1998, FY 1999, FY 2000, and FY 2001, the overtime was worked by 14 different employees and totaled less than 55 hours. The highest number of overtime hours worked by any one individual is 16. This clearly indicates that overtime hours were worked only on those occasions necessary to meet DEA requirements.

The overtime provisions were clarified in the FY 2002 Statement of Work to read: "Authorized overtime for those employees covered by the Fair Labor Standards Act shall not exceed 10 hours per employee per pay period." Both categories of overtime compensation (meaning paid overtime and compensatory time off) must be justified and approved in advance and in writing by the Operations Manager or Assistant Operations Manager. (Attachment 4, Page 2) The FY 2002 Statement of Work will be modified to require that the written overtime approval be attached to the Public Vouchers as supporting payment documentation.

[DELETED]
13. Establish written procedures for reviewing invoices and overseeing the [DELETED] agreements.

Response: The review of [DELETED] invoices involved substantially more than verifying the employees' security clearances. [DELETED] provided copies of all Public Vouchers and supporting documentation to the OIG at the outset of this audit. Notations throughout, and adjustments when necessary, indicate that DEA closely monitored the costs that were billed by the [DELETED]. To strengthen the review and oversight, however, in FY 2001 the [DELETED] instituted a policy for [DELETED] management staff to review the Public Vouchers and documentation that are prepared by the [DELETED] accounting staff prior to forwarding the Public Vouchers to DEA for payment. In previous years, the accounting staff submitted the Public Vouchers directly to DEA. Language was incorporated into the FY 2002 Statement of Work to formally require management to review and sign each invoice for accuracy and completeness prior to forwarding the invoice to DEA. (Attachment 4, Page 18)

Additionally, on April 3 and 4, 2001, the Special Agent in Charge, [DELETED], issued teletypes to DEA Worldwide regarding DEA policy and revised procedures for [DELETED] to centrally manage transcription and translation taskings levied on the [DELETED]. (Attachments 9).

[DELETED] has drafted a checklist for reviewing the [DELETED] Public Vouchers that includes the following items:

1. Verification of employees' names as belonging to the DEA reimbursable agreement.

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2. Verification that any "out of cycle payroll processing" fees are incurred at DEA's request (e.g., for a new employee in a low density language, such as Dutch, to report for duty as soon as cleared instead of waiting for the beginning of the next pay period).
3. Verification that any travel expenses have the appropriate Assistant Special Agent in Charge signature on the Request for Out of State Travel Authorization forms and the authorization is attached. [DELETED]
4. Verification that the State Employee Travel Reimbursement Request and accompanying receipts for airfare, lodging, rental vehicles, taxicabs, etc., are attached.
5. Verification that the written approval for overtime (paid overtime or compensatory time earned) is attached.

[DELETED]

DEA has reviewed the OIG's recommendations 3-13 and have addressed all the issues related to the "questioned costs." As noted, in all these recommendations the provided services in support of DEA's linguistic efforts in furtherance of criminal investigations. A review of the Statements of Work from FY 1997 through the present show a steady progression of changes to clarify the language and strengthen internal controls as the services grew from just 2 people on October 1, 1997 to 130 personnel on board in FY 2002. All of these changes were initiated by DEA and the to improve linguistics services available to DEA. In fact, the audit team was very laudatory in its statements regarding the during the exit briefing.

[DELETED]

In the event you have any questions or require additional information, please Marjorie G. Snider, DEA Audit Liaison at 202-307-4119.

Attachments

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OIG Note: Additional attachments to the consolidated response were too voluminous to incorporate into this report. The attachments may be obtained by contacting the Drug Enforcement Administration.

**OFFICE OF THE INSPECTOR GENERAL, AUDIT DIVISION,
ANALYSIS AND SUMMARY OF ACTIONS NECESSARY
TO CLOSE THE REPORT**

Recommendation No.

1. **Resolved.** This recommendation can be closed when we receive a copy of the: (1) Office of Acquisition Management's (FA) final guidance issued to all Contracting Officer Technical Representatives (COTRs); (2) FA's comprehensive review of the COTR program within the DEA, as well as the DEA's revisions to the program as a result of the review; and (3) FA's training agenda or other documentation for the May 2002 COTR training that shows that training was provided on the issues raised during our audit.
2. **Resolved.** This recommendation can be closed when we receive a copy of the FA's: (1) written procedures for the Contracting Officer's/Contract Specialist's review of contractor invoices, and (2) checklist for reviewing the contractor invoices that shows the issues raised during our audit will be part of the review.
3. **Resolved.** In its response to the draft audit report, the DEA stated that it would include: (1) an estimated maximum hourly rate of [DELETED] in a modification to the FY 2002 reimbursable agreement, and (2) an estimated maximum hourly rate in all future agreements with the [DELETED].

We believe that the DEA's response is a positive step towards strengthening the reimbursable agreements with the [DELETED]. However, we do not believe that a single maximum hourly rate can be appropriately applied to all personnel categories allowed by the agreement because different types of personnel are not generally compensated the same. For example, part-time linguists are generally paid less than full-time linguists and a program administrator is generally paid more than linguists. Therefore, we believe that the DEA should establish maximum hourly rates for each type of personnel allowed in the agreements. This recommendation can be closed when we receive a copy of the modified FY 2002 reimbursable agreement and the FY 2003 agreement showing the DEA included maximum hourly rates for each personnel category in the reimbursable agreements.

4. **Resolved.** This recommendation can be closed when we receive a copy of the modification to the FY 2000 agreement that retroactively

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increases the total amount allowed from \$1,500,000 to \$1,611,842.33.

5. **Unresolved.** In its response, the DEA stated that there was no documentation to support our contention that a linguist was billed to both the Department of Defense (DOD) and to the DEA. The DEA stated that the cost (\$771.99) for the linguist in question was billed to the DOD only.

We disagree with the DEA's contention that the linguist in question was billed to the DOD only. The documentation provided to us during the audit clearly showed that the linguist was paid by the DEA as well. Included in the documentation for FY 1999 voucher number 253, the [DELETED] provided a list of linguistic personnel and their associated earnings submitted and paid by the DOD. The list showed that the linguist earned \$275.08 for the pay period ended December 25, 1998, and \$496.91 for the pay period ended January 8, 1999, for a total of \$771.99. As such, the DEA did not pay the [DELETED] for these earnings on FY 1999 voucher number 253. However, on FY 1999 voucher 254, the DEA retroactively paid the \$771.99 in earnings for the linguist. Since the DEA acknowledged in its response that the linguist's earnings were paid by the DOD and did not provide any documentation to show the payment on FY 1999 voucher number 254 was subsequently recouped from the [DELETED], then we must conclude that the linguist's earnings of \$771.99 were paid by both the DOD and the DEA and must be remedied. As such, this portion (\$771.99) of the recommendation remains unresolved. This portion of the recommendation can be resolved and closed when we receive documentation showing that the DEA has: (1) recouped the \$771.99 for the linguist funded and paid by the DOD or (2) provided additional documentation to conclusively show that the linguist's earnings were not paid by both the DOD and the DEA.

In its response to the draft audit report, the DEA also stated that although the technical and administrative support positions that we questioned were not included in the statement of work until October 1, 1999, the technical and administrative support work and costs billed by the [DELETED] were always in support of the DEA's linguistic services in furtherance of Title III criminal investigations. The DEA further stated that the reimbursable agreement included both direct and indirect costs and that the technical and administrative support costs were indirect costs. Therefore, the DEA contends it was appropriate to pay these costs.

Since the DEA stated that the technical and administrative support positions billed by the [DELETED] were always in support of the DEA's linguistic services and since we do not dispute this statement, then we

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consider this portion (\$268,704) of the recommendation resolved. This portion of the recommendation can be closed when we receive documentation showing that the DEA either: (1) modified the FY 1997, 1998, and 1999 reimbursable agreements to authorize payment for the technical and administrative support positions billed by the [DELETED], or (2) waived the \$268,704 paid for these positions.

6. **Unresolved.** In its response to the draft audit report, the DEA stated that the State of [DELETED] laws provide that part-time employees may not exceed 1,560 hours in a 12-month period and do not require that the weeks or months be worked consecutively. The DEA further stated that based upon their review, there is no indication that any part-time employees billed by the [DELETED] exceeded the 1,560 hour limit. The DEA did state that the language in the FY 2002 statement of work would be simplified to read: "The total number of hours worked by each part-time employee shall not exceed 1,560 hours in a twelve-month period."

We do not dispute that the State of [DELETED] laws allow part-time employees to work up to 1,560 hours per year and do not require that the weeks or months be worked consecutively. However, the State of [DELETED] laws do not control how many hours that part-time employees can work and be paid for under each reimbursable agreement's incorporated statement of work. While the [DELETED] must employ and pay part-time workers in accordance with the laws of the State of [DELETED], the amount that the [DELETED] can bill the DEA for those costs are governed by each reimbursable agreement's incorporated statement of work. In FY 1998 and FY 1999, the statements of work provided that part-time employees shall not exceed 19 hours per week. We found that in FY 1998, the [DELETED] billed and was reimbursed \$12,742.15 for hours by part-time employees that exceeded the 19 hours per week limit. In FY 1999, the [DELETED] billed and was reimbursed \$38,136.44 for hours by part-time employees that exceeded the 19 hours per week limit. Beginning in FY 2000, the DEA changed the statement of work to allow part-time employees to work up to 19 hours per week or not more than a total of 9 months per year if they worked more than 19 hours per week. We interpreted the added requirement to limit the part-time employees to working no more than 9 months out of the year when they worked more than 19 hours per week. Based on this interpretation, the [DELETED] billed and was reimbursed \$2,824.58 in FY 2000 and \$9,380.15 in FY 2001 for excess costs when part-time employees worked more than 9 months during the year. Since the added requirement is ambiguously worded, and the DEA has agreed to simplify the wording in FY 2002 agreement, we consider the

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\$12,204.73 questioned for FYs 2000 and 2001 to be remedied. However, the \$50,878.59 that we questioned for FYs 1998 and 1999 still needs to be remedied.

This recommendation can be closed when we receive documentation showing that the DEA either: (1) modified the FY 1998 and 1999 reimbursable agreements to authorize payment for the excess hours worked by part-time employees, (2) waived the \$50,878.59 paid for the excess hours worked, or (3) recouped the \$50,878.59 in questioned costs.

7. **Resolved.** In its response to the draft audit report, the DEA stated that the intent of the FY 1998 reimbursable agreement was for the [DELETED] to obtain tickets, provide travel advances, process travel vouchers, and subsequently bill the DEA for the actual amount of travel expenses paid. The DEA also stated that the FY 1999 and subsequent agreements clarified the travel costs that DEA would pay.

We agree that the DEA took positive steps and clarified the travel payments allowed in the FY 1999 and subsequent agreements. Since the DEA stated that its intent was to also pay for travel costs in the FY 1998 agreement, we consider this portion (\$5,983) of the recommendation resolved. This portion of the recommendation can be closed when we receive a copy of the modification to the FY 1998 agreement that retroactively authorized the travel costs paid under the agreement.

In its response to the draft audit report, the DEA also stated that the FY 1999 travel for technical support personnel was in direct support of Title III monitoring, transcribing, and translating issues and in furtherance of the DEA's Title III criminal investigations. Therefore, the DEA believed that the costs (\$29,009) for travel by the technical support personnel were appropriate.

As stated in our response to the DEA's response for recommendation 5, we do not dispute that the FY 1999 travel by the technical support personnel was in direct support of Title III monitoring, transcribing, and translating issues and in furtherance of the DEA's Title III criminal investigations. As such, this portion (\$29,009) of the recommendation can be closed when we receive the documentation requested under recommendation 5 as it relates to the technical and administrative support positions billed by the [DELETED]. In its response to the draft audit report, the DEA explained that the \$7,237 that we questioned for travel by two civilian Spanish linguists in FY 1999 was for travel that was arranged and telephonically approved by a DEA [DELETED] Unit.

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We do not dispute that the travel for the two Spanish linguists may have been arranged and telephonically approved by the DEA. However, neither the DEA nor the [DELETED] provided documentation during the audit, such as a record of telephone conversation or other evidence, to support such approval. This portion (\$7,237) of the recommendation can be closed when we receive either:

(1) documentation such as a record of telephone conversation or other evidence showing the DEA telephonically approved this travel, or (2) a signed statement from the DEA official that approved the travel stating that he/she did so but did not maintain records of the telephone conversation.

In its response to the draft audit report, the DEA provided the following comments concerning the \$2,934 in travel costs that we questioned for FYs 2000 and 2001. Specifically, the DEA stated that:

- the travel (\$601) for a [DELETED] person on January 26, 2000 occurred prior to the effective date (March 13, 2000) of the requirement for travel to be approved in writing by the DEA.
- the travel (\$141) by an Arabic linguist to the DEA's Orlando, Florida Resident Office on August 5, 2000 was performed on one day's notice and was telephonically authorized by a DEA [DELETED] Unit Chief.
- the travel (\$2,192) by a Vietnamese linguist to the DEA's Houston Division Office on April 9, 2001 was approved in writing by a DEA [DELETED] Assistant Special Agent in Charge.

For the [DELETED] linguist travel, the travel occurred on January 26, 2000. According to the FY 2000 reimbursable agreement, the effective date of the agreement, which included the requirement for travel to be approved in writing by the DEA, was October 1, 1999. However, the agreement was not approved by the DEA and the [DELETED] until March 2000. Since the DEA did not ensure timely approval of the agreement, it cannot hold the [DELETED] liable for the travel not being approved in writing before the agreement was approved. Therefore, we consider this portion (\$601) of the recommendation closed. For the Arabic linguist travel, the DEA provided no documentation, such as a record of telephone conversation or other evidence, to show the travel was telephonically approved. This portion (\$141) of the recommendation can be closed when we receive either:

(1) documentation such as a record of telephone conversation or other evidence showing the DEA telephonically approved this travel, or (2) a signed statement from the DEA official that approved the travel stating that he/she did so but did not maintain records of the telephone

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conversation. For the Vietnamese linguist travel, documentation was not provided during the audit to show the travel was approved in writing by the DEA. However, the approval document provided with the DEA's response to the draft report is adequate to close this portion (\$2,192) of the recommendation.

8. **Closed.**

9. **Resolved.** In its response to the draft audit report, the DEA stated that as noted in its response to Recommendation 3, the terms of the FY 1998 and FY 1999 statements of work were based on average hourly rates and total estimated costs.

We agree that the terms of the FY 1998 and 1999 statements of work were based on average hourly rates and the [DELETED] billed at rates that exceeded those average hourly rates. We can close this recommendation when we receive documentation showing that the DEA either: (1) modified the FY 1998 and 1999 statements of work to allow the higher average hourly rates billed by the [DELETED] or (2) recouped the \$7,295 in questioned costs.

10. **Resolved.** In its response to the draft audit report, the DEA stated that after discussion with the [DELETED], it agreed that certain employee's performance deserved recognition and that the DEA agreed to reimburse the monetary awards paid to 14 civilian linguists that were billed on public voucher number 99-252. The DEA further stated that it disallowed the awards for four State administrative employees and allowed three additional awards on public voucher number 99-256. The DEA stated that the average amount of the awards paid was \$327 and that 8 of the 17 awards were for \$225 each. The DEA stated that the small number of awards given and the nominal amounts clearly indicate that the [DELETED] was not taking advantage of the reimbursable agreement. The DEA further stated that although the FY 1999 statement of work did not contain a provision allowing monetary awards, that it did include benefits as part of estimated costs and that awards are considered benefits. The DEA stated that this ambiguity was clarified in the FY 2000 statement of work by incorporating specific language for paying monetary and non-monetary incentive awards.

We do not dispute that the [DELETED] employees were deserving of the awards and we do not contend that the [DELETED] was trying to take advantage of the reimbursable agreement by claiming the awards. We also agree that the DEA took positive steps to clarify the ambiguity when it developed the FY 2000 agreement. We can close

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this recommendation when we receive documentation showing that the DEA modified the FY 1999 agreement to allow the payment of awards.

11. **Resolved.** In its response to the draft audit report, the DEA stated that the \$17,600 paid to the [DELETED] for the administrative costs allocation for FY 2000 is an accurate amount based on the established rate of 1.1 percent and the actual reimbursed amount of \$1,611,842.33.

Had the FY 2000 agreement been properly modified to increase the allowable costs, then the \$17,600 paid for administrative costs would have been correct. The DEA stated in its response to Recommendation 4, that they have not been able to locate the signed modification to the FY 2000 agreement. Without a signed modification, the FY 2000 agreement was limited to \$1,500,000 in actual costs. The FY 2000 agreement allowed an administrative allocation of 1.1 percent of the actual costs. Therefore, the administrative allocation was limited to \$16,500 (\$1,500,000 times 1.1 percent). The DEA stated in response to Recommendation 4 that it would retroactively modify the FY 2000 agreement to increase the allowable costs. We can close this portion (\$1,100) of the recommendation when we receive documentation showing the FY 2000 agreement was properly modified.

In its response to the draft response, the DEA also stated that FY 1998 was the first full year the reimbursable agreement with the [DELETED] was in place and that prior to entering into the agreement the percentage of the [DELETED] overall administrative cost allocation could not be projected. Therefore, the DEA agreed to offset the State of [DELETED] administrative costs to support the agreement by funding one-half of the salary of a State administrative assistant who was spending half her time on personnel, accounting, and procurement functions to support the new civilian linguist reimbursement program. The DEA further stated that when the [DELETED] had sufficient history to develop the administrative cost allocation, it found that paying half the salary of the administrative assistant fell short by \$4,704 of the administrative cost applicable to the agreement.

We believe that the DEA's explanation for why it paid the \$4,704 in administrative costs for FY 1998 is reasonable. Therefore, we can close this portion (\$4,704) of the recommendation when we receive documentation showing the DEA modified the FY 1998 agreement to allow the payment of administrative costs.

12. **Unresolved.** In its response to the draft audit report, the DEA stated that all [DELETED] civilian employees assigned to the reimbursable agreement are covered by the Fair Labor Standards Act and applicable

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State of [DELETED] employment laws, rules, and regulations regarding overtime. The DEA stated that the employees must be compensated for hours worked in excess of 40 hours per week. The DEA also stated that the State of [DELETED] employment laws prevail and all overtime and compensatory time billed by the [DELETED] was in compliance with the State of [DELETED] laws. The DEA further stated that of the total 17 instances in question where overtime was paid to civilian personnel during FYs 1998, 1999, 2000, and 2001, the overtime was worked by 14 different employees, totaled less than 55 hours, and no one individual worked more than 16 hours in overtime. The DEA stated that this clearly indicates that overtime hours were worked only on those occasions necessary to meet the DEA requirements.

We do not dispute that the overtime hours worked by the [DELETED] personnel were in support of the DEA's requirements. We also do not dispute the DEA's contention that all the overtime and compensatory time billed by the [DELETED] was in compliance with the State of [DELETED] employment laws. However, we do dispute the DEA's contention that the State of [DELETED] laws govern how the DEA will reimburse the [DELETED] for overtime and compensatory time worked by [DELETED] employees. While the [DELETED] is required to pay its employees for overtime and compensatory time in accordance with the State of [DELETED] laws, the DEA and the [DELETED] can include provisions in the reimbursable agreement that limits how much of the overtime and compensatory time will be reimbursed by the DEA. The DEA and the [DELETED] provided such limits in each of the reimbursable agreements. Specifically, in the FY 1998 agreement, the DEA agreed to reimburse the [DELETED] for overtime of full-time civilian personnel only. However, the DEA paid three invoices to the [DELETED] that included \$554 for overtime incurred by part-time linguists. In the FY 1999, FY 2000, and FY 2001 agreements, overtime reimbursements were not allowed. Instead, these agreements allowed that full-time civilian personnel were to be compensated for working overtime hours with an equal number of compensatory hours off. However, we found that in FYs 1999, 2000, and 2001, the DEA paid seven invoices to the [DELETED] that included \$798 for overtime. We also found that in FYs 1999 and 2000, that the DEA paid 12 invoices to the [DELETED] that included compensatory time at one and a half times the number of overtime hours worked instead of an amount equal to the number of overtime hours worked as required by the agreements. The extra time claimed and paid on these 12 invoices totaled \$1,654. Since the agreements limited the reimbursable amounts for overtime and compensatory time and these limits were exceeded, the \$3,006 paid to the [DELETED] for unallowable overtime and compensatory time should be remedied.

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This recommendation can be closed when we receive documentation showing that the DEA either: (1) modified each statement of work for the FY 1998, 1999, 2000, and 2001 reimbursable agreements to authorize payment for the questioned overtime and compensatory time, (2) waived the \$3,006 in questioned overtime and compensatory time, or (3) recouped the \$3,006 in questioned costs.

13. **Resolved.** In its response to the draft audit report, the DEA stated that in FY 2001 the [DELETED] instituted a policy for [DELETED] management staff to review the public vouchers and documentation that are prepared by the [DELETED] accounting staff prior to forwarding the public vouchers to the DEA for payment. The DEA stated that language was incorporated into the FY 2002 statement of work to formally require the [DELETED] management to review and sign each invoice for accuracy and completeness prior to forwarding the invoice to the DEA for payment. The DEA also stated that it had drafted a checklist for reviewing the [DELETED] public vouchers that includes the verification that:

- employees' names belong to the DEA reimbursable agreement.
- any "out of cycle payroll processing" fees are incurred at the DEA's request.
- any travel expenses have the appropriate [DELETED] signature on the Request for Out of State Travel Authorization forms and the authorization is attached.
- the State Employee Travel reimbursement Request and accompanying receipts are attached.
- written approval for overtime is attached.

The procedures drafted by the DEA for reviewing the [DELETED] invoices and overseeing the reimbursable agreement are a positive step towards ensuring that the costs claimed by the [DELETED] and paid by the DEA are in accordance with the terms of the reimbursable agreements. However, the checklist for reviewing the [DELETED] invoices needs to be expanded to insure the improper payments that we noted during the audit are not repeated. Specifically, the checklist should contain items for reviewing invoices to ensure that:

- the total payments under the agreement do not exceed the total costs allowed under the agreements and that modifications to increase the agreements are approved, signed, and documented in the agreement files; and

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- costs billed by the [DELETED] are specifically allowed by the agreements before being paid.

This recommendation can be closed when we receive a copy of the final expanded checklist for reviewing the [DELETED] Public Vouchers.